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SERVICE DATE – MAY 15, 2006

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FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Docket No. AB-290 (Sub-No. 254X)]

Norfolk Southern Railway Company—Discontinuance of Service Exemption—in Stanly County, NC

[STB Docket No. AB-290 (Sub-No. 274X)]

Yadkin Railroad Company—Discontinuance of Service Exemption—in Stanly County, NC

[STB Docket No. AB-149 (Sub-No. 2X)]

Winston-Salem Southbound Railway Company—Discontinuance of Service Exemption—in Stanly County, NC

On April 25, 2006 Norfolk Southern Railway Company (NSR), Yadkin Railroad Company (YRC), a wholly owned subsidiary of NSR, and Winston-Salem Southbound Railway Company (WSSB), a Class III switching carrier owned equally by NSR and CSX Transportation, Inc., jointly filed with the Board an amended petition under 49 U.S.C. 10502 for exemption from the provisions of 49 U.S.C. 10903: (1) for NSR to discontinue service over 11.11 miles of rail line (the Line) between milepost WF-0.00 at Halls Ferry Junction and milepost WF-11.11 at Badin in Stanly County, NC, which it operates under lease from YRC; (2) for YRC to discontinue service over the Line, which it leases from Alcoa, Inc. (Alcoa), the owner of the Line's right-of-way, track, and

improvements;¹ and (3) for WSSB to discontinue service over the 5.21-mile portion of the Line between milepost WF-5.90 at Whitney, NC, and milepost WF-11.11 at Badin, which it and YRC jointly lease from Alcoa. The Line traverses United States Postal Service Zip Code 28001 and serves the station of Badin. NSR will continue to serve the Halls Ferry Junction station, and WSSB will continue to serve the Whitney station.

The Line was constructed by Tallassee Power Company (Tallassee), an Alcoa predecessor. In March 1916, shortly after the Line's construction was completed, Tallassee leased the 5.90-mile segment of the Line between Halls Ferry Junction and Whitney to YRC and the 5.21-mile segment between Whitney and Badin jointly to YRC and WSSB. The leases, which have no fixed term, provide that the lessees are to operate and maintain (except for extraordinary maintenance and capital improvements) the Line as common carriers providing motive power and equipment as needed to serve Alcoa's aluminum smelting facility at Badin and local traffic.

Alcoa is the Line's only shipper. One other shipper, Yadkin Brick Company (Yadkin Brick), has used the Line. According to petitioners, Yadkin Brick was located on the Halls Ferry Junction-Whitney segment in the mid to late 1990s and perhaps for some time earlier.

NSR is the only carrier that has conducted operations over the Line since 1996. In that year, NSR entered into a haulage agreement to move cars for CSXT over the Whitney-Badin segment, replacing the switching service WSSB was providing for CSXT.

YRC ceased operations over the Line in 1951 when its property was leased to the

¹ Interested persons, including Alcoa, are invited to comment on whether Alcoa or another entity requires abandonment authorization before the Line can be abandoned.

Carolina and Northwestern Railway Company (CNR), a subsidiary of Southern Railway Company (SOR). Carolina & Northwestern Railway Company, Control, Etc., 282 I.C.C. 802 (1951). In 1988, CNR was merged into SOR, which became successor lessee of YRC's properties, Southern Railway Company—Merger Exemption—Carolina and Northwestern Railway Company, Finance Docket No. 31255 (ICC served May 12, 1988). SOR changed its name to NSR in 1990, and in 2000 NSR renewed its lease of, and authority to operate, YRC's properties. Norfolk Southern Railway Company—Corporate Family Transaction Exemption—Yadkin Railroad Company, STB Finance Docket No. 33951 (STB served Dec. 12, 2000).

The line does not contain federally granted rights-of-way. Any documentation in petitioners' possession will be made available promptly to those requesting it.²

The interest of railroad employees will be protected by the conditions set forth in Oregon Short Line R. Co.—Abandonment—Goshen, 360 I.C.C. 91 (1979).

By issuing this notice, the Board is instituting an exemption proceeding pursuant to 49 U.S.C. 10502(b). A final decision will be issued by August 11, 2006.

Petitioners assert that the Line will revert to Alcoa as private line or real estate following the discontinuances and will not be subject to offers of financial assistance (OFA). Under 49 U.S.C. 10904, any person may file an OFA to subsidize NSR's operation of the Line for up to a year. Any OFA to subsidize the Line under 49 CFR 1152.27(b)(2) will be due no later than 10 days after service of a decision granting the petition for exemption. Each offer must be accompanied by a \$1,300 filing fee. See

² Petitioners state that such documentation is unlikely to exist because Alcoa owns the right-of-way.

Regulations Governing Fees for Services Performed in Connection with Licensing and Related Services—2006 Update, STB Ex Parte No. 542 (Sub-No. 13) (STB served Mar. 20, 2006); 49 CFR 1002.2(f)(25).

All filings in response to this notice must refer to STB Docket Nos. AB-290 (Sub-No. 254X), AB-290 (Sub-No. 274X) and AB-149 (Sub-No. 2X) and must be sent to:

(1) Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001, and (2) James R. Paschall, Three Commercial Place, Norfolk, VA 23510. Replies to the joint petition are due on or before June 5, 2006.

Persons seeking further information concerning abandonment procedures may contact the Board's Office of Public Services at (202) 565-1592 or refer to the full abandonment or discontinuance regulations at 49 CFR part 1152. Questions concerning environmental issues may be directed to the Board's Section of Environmental Analysis (SEA) at (202) 565-1539. [Assistance for the hearing impaired is available through the Federal Information Relay Service (FIRS) at 1-800-877-8339.]

An environmental assessment (EA) (or environmental impact statement (EIS), if necessary) prepared by SEA will be served upon all parties of record and any agencies or other persons who commented during its preparation. EAs in these abandonment proceedings normally will be made available within 60 days of the filing of the amended petition. The deadline for submission of comments on the EA will generally be within 30 days of its service.

Board decisions and notices are available on our website at “www.stb.dot.gov”

Decided: May 5, 2006.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary